

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
FORT WORTH DIVISION**

**UNITED STATES SECURITIES AND  
EXCHANGE COMMISSION,**

*Plaintiff,*

**v.**

**AGRIDIME LLC, JOSHUA LINK, and  
JED WOOD,**

*Defendants.*

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**Civil Action No. 4:23-cv-1224-P**

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**RECEIVER’S QUARTERLY STATUS REPORT  
FOR THE PERIOD ENDING SEPTEMBER 30, 2024**

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Steve Fahey, in his capacity as the Court-appointed Receiver (“Receiver”) for the Estates of the Receivership Defendants,<sup>1</sup> submits the following Quarterly Status Report for the Period Ending September 30, 2024 (this period will be referred to as “Q3 2024” herein), and would respectfully show the Court as follows:

**I.  
INTRODUCTION**

The Court appointed the Receiver in this case because the Court found that a receiver was necessary and appropriate for the purposes of marshaling and preserving assets of the Receivership Defendants that are attributable to funds derived from investors, held in constructive trust for the Receivership Defendants, were fraudulently transferred by Receivership Defendants, and/or may be includable as assets of Receivership Defendants. (ECF No. 15 at 1.) Among other things, the Order Appointing Receiver (the “Order” or “Receivership Order” herein) requires that the

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<sup>1</sup> “Receivership Defendants” are Agridime LLC, Joshua Link, and Jed Wood. (ECF No. 15, ¶¶ 1-2.)

Receiver submit a full report and accounting of the Receivership Estate reflecting, to the best of the Receiver's knowledge as of the period covered by the report, the existence, value, and location of all Receivership Property and the extent of liabilities, including (a) a summary of the operations of the Receiver, (b) the amount of cash on hand, (c) a schedule of all of the Receiver's receipts and disbursements (to be attached as Exhibit A to the Quarterly Status Report), (d) a description of all known Receivership Property, (e) a description of liquidated and unliquidated claims held by the Receivership Estate, (f) a list of all known creditors with their addresses and the amounts of their claims, (g) the status of Creditor Claims Proceedings, after such proceedings have been commenced, and (h) the Receivers' recommendation for a continuation or discontinuation of the receivership and the reasons for the recommendations. (*Id.*, ¶¶ 54-55.)

## **II.**

### **QUARTERLY STATUS REPORT FOR THE PERIOD ENDING SEPTEMBER 30, 2024**

#### **A. Brief summary of the operations of the Receiver.**

The following is not intended to be an exhaustive list of each activity performed by the Receiver during the third quarter of 2024; rather, this summary identifies key activities engaged in by the Receiver in Q3 2024 and provides a brief description of those activities.

##### **1. Negotiation of Asset Sale for Agridime and American Grazed Beef**

The Receivership has been continuing preparations to sell the remaining assets of Agridime (e.g., its fresh and frozen meat inventory, business equipment, and real estate holdings) to an investor group based in North Dakota. A draft purchase agreement was finalized by the parties, and the Receiver filed a motion seeking Court approval for the asset sale on September 24, 2024. (ECF No. 121.) The Court ordered notice of the sale be posted on the Agridime website and in the Fort Worth Star Telegram and provided a period for the filing of written objections to the sale. After receiving no objections, the Court approved the sale in a hearing on October 7, 2024. (ECF

Nos. 122-124.) The Receivership and the purchaser continue to finalize paperwork for an intended closing of the sale in November 2024.

Under the terms of the proposed sale, the investor group will take over operation of American Grazed Beef and intends to continue its retail and wholesale meat sales business. The potential purchasers will be raising little or no cattle on company-owned property – as Agridime did – and obviously will not be engaging in the cattle contract investment sales that resulted in this receivership. Of particular note, the purchase agreement includes a provision that the purchasers will pay 20% of their net profits from the business to the investor victims of Agridime for a period of five years. The proposed sale will not prevent or hinder the Receiver’s recovery efforts on behalf of Agridime’s victims. Rather, the sale will increase recovery efforts as the Receiver will no longer be responsible for the day-to-day business operations.

## **2. Continued Operation of American Grazed Beef**

In Q3 2024, the Receivership continued to operate the new American Grazed Beef entity in order to sell down Agridime’s meat inventory in a commercially reasonable manner and in preparation for the anticipated sale of this entity’s assets in Q4 2024, as described in section II(A)(1), above. American Grazed Beef utilized Agridime’s remaining company-owned cattle in Kansas for its fresh retail meat operations in Q3 2024, and purchased some “fat” cattle from a vendor in Texas to supply the fresh meat retail operations after all the company-owned cattle were finished up. The Receiver remains optimistic about future growth in American Grazed Beef’s retail sales under the company’s soon-to-be new owners, as the company completely rebuilds its social media presence and improves marketing its products. In the wholesale meat market, the company’s efforts remain well above what Agridime was doing in this side of the business in December 2023, when the Receivership began. For example, the new company is finding success in expanding into new markets for its products, such as kosher sales.

The new company continues to focus on cutting costs. In particular, selling down Agridime's meat inventory has permitted the Receiver to reduce the number of refrigerated "reefer" trailers that the company has to rent on a monthly basis to make up for Agridime's foolish lease of Fort Worth warehouse space that could not keep the company's meat supply adequately cold.<sup>2</sup> The company intends to end its use of reefer trailers during Q4 2024 in advance of the asset sale to new ownership.

### **3. Preparation of Groundwork for Claw Back Efforts**

In Q3 2024, the Receivership's accounting professionals at Ahuja & Consultants, PLLC ("AC") continued their forensic investigation of Agridime's business practices from 2021 through 2023. AC issued a report to the Receivership in Q3 2024 opining that Agridime was operated as a Ponzi scheme in its sale of cattle investment contracts from October 1, 2021, through the start of the Receivership in December 2023. Because AC concluded that Agridime's financial records were not in compliance with Generally Accepted Accounting Principles ("GAAP"), AC scrutinized the company's bank records to develop an accurate picture of Agridime's underlying business activity. While this process was laborious, it yielded an (unfortunately) accurate picture that Agridime's business practices during the October 2021-December 2023 had all the indicia of a Ponzi investment scheme, including:

- investors were guaranteed returns ranging from 15% to 33% despite Agridime having recurring net operational losses;
- Agridime repaid more than \$141 million to investors while there were consistent net operating losses generated by the business totaling more than \$103 million over the two-year period in question;

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<sup>2</sup> For background on this wasteful warehouse situation, please see the Receiver's initial status report at pp. 22-23.

- Agridime only purchased 41% of the cattle that it was obligated to buy under the contracts with investors and that would have been sufficient to meet its obligations to investors; and
- In the classic hallmark of a Ponzi scheme, the payments of obligations to older investors demonstrably were funds obtained from newer investors.

Based on AC's report and conclusions, the Receivership filed a motion with the Court on July 26, 2024, for a determination that Agridime presumptively was operated as a Ponzi scheme. (ECF No. 110.) After receiving responses from Receivership Defendants Josh Link and Jed Wood that they did not object to the relief sought by the Receivership in its motion, the Court issued an order on August 13, 2024, concluding that "Agridime was operated as a Ponzi scheme as of October 1, 2021." (ECF No. 118.) Under the Court's Order, all transfers of funds by Agridime during the October 2021 through December 2023 period presumptively will be considered as made with fraudulent intent, and parties seeking to resist the Receiver's efforts to "claw back" Ponzi profits and improper sales commissions will be required to overcome this "Ponzi presumption."

The Receiver anticipates beginning claw back efforts in Q4 2024 against those individuals who received Ponzi profits from Agridime and exited the cattle investment contract scheme, and from those who earned sale commissions in Ponzi proceeds from Agridime for participating in the sale of the cattle contracts. Such efforts potentially could recover millions of dollars of Ponzi proceeds for the receivership estate and thereby assist in effectuating an equitable distribution plan.

#### **4. Accounting of Amounts Owed to Investor Victims**

Another major task of the Receivership that continued throughout Q3 2024 was compiling an accounting of the amounts owed to each investor victim of the Agridime Ponzi scheme. In addition to its work investigating the business activities of Agridime and whether the company operated a Ponzi scheme, AC also was tasked by the Receiver with putting together a report of all amounts invested by and paid to each individual who purchased cattle contracts from Agridime.

This work built on a separate accounting of investor victim losses compiled by two American Grazed Beef employees at the direction of the Receivership. Unfortunately, the task of accounting for victim losses was not easy, as many individuals invested and were paid out several times in the course of Agridime's three-year Ponzi scheme. Another complicating factor was that Agridime's accounting records did not provide adequate backup information to corroborate the amounts paid to many investors, making AC's reliance on the supporting bank records crucially important. Thus, the task of attempting to reconcile Agridime's internal accounting records with Agridime's banking records across thousands of transactions, while essential, was labor-intensive.

AC completed an initial report of the amounts invested by and paid to each of the more than 1,950 investors in Agridime's cattle contracts. In Q3 2024, the Receivership began the process of providing each investor with an individualized calculation of the amount owed to him or her and allowing each investor a 30-day period to bring discrepancies to the Receivership's attention. The Receivership anticipates that individualized communications to victim investors will be completed in Q4 2024. Thus far, the Receivership has seen a high degree of accuracy from the AC report on victim losses and has addressed any discrepancies after a review of documentation (including investment contracts and financial documentation) provided by impacted victims.

## **5. Handling of "Retained Ownership" Cattle Situation**

As detailed in the Receiver's initial status report, a particularly difficult situation that emerged after the collapse of the Agridime cattle contract investment scheme centers on so-called "retained ownership" cattle placed at feedlots Cattle Empire, LLC (Satanta, KS) and Brookover Feedyards, Inc. (Garden City, KS). The Receiver discovered that Agridime was financing cattle from ranchers and passing them off as Agridime's cattle. The company entered into so-called "retained ownership" contracts with various cattle producers whereby cattle owned by these

producers would be delivered to the feedlots, and the producers would sell the cattle to Agridime for a set per-pound price when the animals were ready for slaughter. Although these contracts explicitly provided that the producers retained ownership of their cattle until Agridime purchased the “finished” animals, the Receiver discovered that the Receivership Defendants were financing these cattle that the company didn’t own immediately when the animals came onto the feedlots. Agridime’s cattle-industry-specific personnel have informed the Receiver that the terms of these contracts and the manner in which cattle were delivered and paid for under the contracts are not industry standard. It appears that Receivership Defendants were engaging in this arrangement as part of their larger scheme, as the cattle financing provided a substantial amount of money that could be used to pay cattle contract investments coming due.

Because various cattle producers have asserted claims (several with the assistance of the Packers & Stockyards Division of the USDA) to the cattle that Agridime procured under the “retained ownership” contracts – and the feedlots are seeking repayment under the financing agreements with Agridime regarding these same cattle – the Receiver sought Court intervention to govern the handling of the funds generated by the sale of the disputed cattle. The Court established a process whereby the feedlots were required to distribute all sales proceeds (minus costs of feed and care) to the Receiver to be held until a later date when the interested parties can assert claims for resolution by the Court. Given that all of the disputed cattle have now been sold, the Receiver anticipates that a final determination of who is entitled to proceeds from these cattle may be resolved by the parties and the Court in Q4 2024.

**B. The amount of cash on hand in the estate.**

The amount of cash on hand in the Receivership Estate as of September 30, 2024 was \$3,034,713.89.

**C. A schedule of all of the Receiver's receipts and disbursements.**

**Exhibit A** (attached) contains the receipts and disbursements of Agridime LLC and American Grazed Beef, LLC, as operated by the Receiver from July 1, 2024, through September 30, 2024.

**D. A description of all known Receivership Property.**

As of September 30, 2024, Agridime LLC's assets included several pieces of real property, a collection of farm and business office equipment used in the day-to-day operation of the business, a substantial amount of fresh and frozen meat, and a small inventory of cattle at Cattle Empire in Satanta, Kansas. The Receiver has catalogued these assets for the Court below and in an attached exhibit.

- **Agridime's Real Property:** The following real estate is owned by Agridime LLC, which appears to be free and clear of any mortgages. Because licensed appraisers have not been engaged to appraise all of Agridime's properties at this time, this report uses the value placed on the property on Agridime's balance sheet:
  - Buildings in Hope, Kansas (23 E. 2<sup>nd</sup> Ave., 9 E. 2<sup>nd</sup> Ave., 125 N. Main St., 100 Block N. Park St.) – combined value of \$240,575.33 on Agridime's balance sheet as of December 13, 2023.
  - 6 W. Main St., Herrington, Kansas – value of \$18,847.05
  - 620 W. Main St., Herrington, Kansas – value of \$500,000
  - 106 N. Broadway St., Herrington, Kansas – value of \$38,923.39
  - 12 N. Broadway St., Herrington, Kansas – value of \$33,996.89
  - 2400 Block 400 Ave., Herrington, Kansas and 700 Block S. 5<sup>th</sup> St., Herrington, Kansas – value of \$278,906.50
  - Cedar Valley Farms, Abingdon, Illinois – value of \$750,000
- **Agridime's Equipment:** A list of office and farm equipment and vehicles owned by Agridime was attached as **Exhibit B** to the Receiver's Quarterly Status Report for Q2 2024 (ECF No. 112), and is incorporated herein by reference given that this inventory has not substantially changed. All values are from Agridime's balance



sheet and reflect the price the company paid for the property, and do not reflect any subsequent depreciation.

- **Cattle (approximate inventory as of September 30, 2024):**

- On feed lots (“Feed Lot Cattle”):

- Cattle Empire, LLC (Kansas): 89 larger calves<sup>3</sup>

- **Leasehold interests:**

- 6440 Oak Grove Road, Fort Worth, Texas 76134 – Agridime is a lessee under a 60-month term;
- Penske Truck Leasing – Agridime is a lessee of approximately 20 “reefer” trailers from Penske Truck Leasing, Inc. under a 84-month term;
- Shoppa’s – Agridime is the lessee of various warehouse equipment, such as forklifts and pallet jacks.
- Toyota Commercial Finance – Agridime is the lessee of various warehouse equipment, such as forklifts and pallet jacks.

**E. A description of liquidated and unliquidated claims held by the Receivership Estate.**

The Receiver is still investigating this matter and is not currently able to fully list all such claims. The Receiver anticipates identifying such claims held by the Receivership Estate shortly.

**F. A list of all known creditors with their addresses and the amounts of their claims.**

The known creditors of Agridime include, as general categories, all cattle contract investor victims, all ranchers with unresolved “retained ownership” contracts with Agridime, landlords, and several other creditors demanding payments for goods and services provided to Agridime before the Receiver assumed control of the business. The list of cattle contract investor victims and other creditors has not substantially changed from Q2 2024<sup>4</sup>, and thus is hereby incorporated

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<sup>3</sup> Please note also that cattle currently at Cattle Empire owned by Agridime have been financed at up to 78% of their initial value by Josh Link in later 2023, which will reduce the amount that Agridime ultimately will receive for these animals at sale.

<sup>4</sup> Creditors Wiebe Construction, Inc. and Lucky’s Roofing and Construction have settled their claims against Agridime since the Initial Status Report, and thus are no longer creditors of the company.

by reference from Exhibit B to the Receiver's Initial Status Report. (ECF No. 96.) The Receiver notes that this list is strictly provided for purposes of the inventory that the Court has requested, and is not meant as an acknowledgement by the Receiver as to the legal validity of an asserted claim or the legal creditor status of any individuals or entities listed in Exhibit C to the Receiver's Initial Status Report. Accordingly, the Receiver expressly reserves the right to dispute any asserted claims made by any of the individuals or entities in Exhibit C to the Initial Status Report.

**G. The status of Creditor Claims Proceedings.**

No Creditor Claims Proceedings have been commenced as of September 30, 2024. The forensic accounting experts retained by the Receiver have reconciled the books and records of Agridime and prepared a draft comprehensive list of all investors and the amount owed to each on their respective cattle contract investments. In Q3 2024, the Receiver began the process of providing each investor with an accounting of the amount owed and allowing investors 30 days in which to communicate with the Receiver regarding any discrepancies. After the anticipated completion of this process in Q4 2024, the Receiver will be better positioned to initiate Creditor Claims Proceedings.

**H. The Receivers' recommendation for a continuation or discontinuation of the receivership and the reasons for the recommendations.**

The Receiver recommends that the Receivership continue for several reasons, as detailed below.

First, the Receiver continues to communicate with Agridime investors in effort to establish the precise amount owed to each investor, and a cumulative total of all amounts owed to the entire class of Ponzi scheme victims. The Receiver also continues to work with accounting and forensic accounting professionals to trace monetary transfers from the Receivership Defendants to determine, *inter alia*, any fraudulent transfers. The Receiver intends to pursue claw backs of any improper transfers of Ponzi scheme profits to investors and salespersons beginning in Q4 2024.

The Receiver also continues to investigate damages claims against third parties that could benefit the Receivership estate and the investor victims.

Second, the Receiver will continue to manage the draw down of Agridime's cattle inventory at Cattle Empire, and the maintenance and sale of Agridime's fresh and frozen meat supply through both retail and wholesale distribution channels. The Receiver anticipates that all Agridime-owned cattle will be sold as of the end of Q4 2024. With the draw down of Agridime's cattle inventory, the Receiver will lead efforts to resolve the competing claims of ranchers with "retained ownership" claims, feed lots with alleged security interests, and USDA P&S packer and dealer trust claims against Agridime.

Third, the Receiver intends to finalize the sale of the assets of Agridime and American Grazed Beef to a North Dakota-based investment group in Q4 2024. This proposed sale would involve the remaining meat inventory, all equipment, and all real estate owned by Agridime. The purchasers of Agridime's assets would inherit all employees of Agridime and continue to operate a retail and wholesale meat business under the name of American Grazed Beef. In addition, the proposed sale would include a provision providing that 20% of future profits from American Grazed Beef will be distributed on an annual basis to all investor victims of the Agridime Ponzi scheme.

Finally, the Receiver anticipates in Q4 2024 or Q1 2025 petitioning the Court to establish an investor and creditor claims process and making an initial distribution of funds recovered from the proposed asset sale and any realized claw backs pursuant to a Court-approved distribution plan.

Dated: November 11, 2024.

Respectfully submitted,

**RECEIVER STEPHEN P. FAHEY**

/s/ Stephen Fahey

Stephen P. Fahey, as Court Appointed Receiver

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**CERTIFICATE OF SERVICE**

This is to certify that on November 11, 2024, a true and correct copy of the foregoing instrument was filed and served on all counsel of record through the Court's CM/ECF filing system.

/s/ Stephen Fahey

Stephen P. Fahey